

OVERVIEW AND SUMMARY

The Office of Worker and Community Transition (the Office) was established by the Secretary of Energy on September 15, 1994. The Office succeeded a task force established by the Secretary in April 1993 to coordinate worker and community assistance for the Department of Energy (DOE) complex. One of the key responsibilities of the Office has been the implementation of section 3161 of the National Defense Authorization Act for Fiscal Year 1993. This legislation requires the Secretary of Energy to develop work force restructuring plans that address certain objectives for Department of Energy defense nuclear facilities whenever work force changes are necessary. Based on Secretarial direction, work force restructuring objectives are considered for reductions that exceed a threshold of 100 workers at any site, in a single year, including sites not specifically covered by section 3161.

This report responds to the requirement of section 3161 to report to Congress annually on the results of work force restructuring. It covers activities in fiscal year (FY) 1999 and serves to update Congress and the public on the outcomes of work force restructuring and community transition.

This report also fulfills the requirements of section 3157 of the National Defense Authorization Act for Fiscal Year 1995 and section 3153 of the National Defense Authorization Act for Fiscal Year 1998. Section 3157 requires an annual report to Congress on Economic Redevelopment and Conversion Activities Resulting from Reconfiguration of Department of Energy Nuclear Weapons Complex. Section 3153 requires a semi-annual report on local impact assistance provided by the Department to communities.

FY 1999 marks the seventh successive year of work force restructuring at the Department facilities. These work force restructuring activities have resulted in ***yearly savings of over \$3.6 billion to the United States Government*** through the orderly separation of more than 48,000 employees. Economic assistance to communities affected by this dramatic reduction in the Department's contractor employment has resulted in the creation of over 22,400 private sector jobs at a cost of less than \$9,000 per job created – which compares favorably with the Department of Defense (DOD) restructuring efforts and other economic development initiatives.

The overall objective of work force restructuring is to ensure that the Department meets its mission requirements, while minimizing the social and economic impacts of restructuring on both workers and communities surrounding these sites. The Office cooperates with: (1) appropriate field organizations to prepare work force restructuring plans that provide reasonable assistance to affected workers and (2) affected communities to develop community transition plans that address the potential economic impacts of restructuring.

The Worker and Community Transition Program mission is evolving as the Department confronts new challenges in managing its contractor work force and dealing with facilities that are excess to the future needs of the Department. The Office is working with program and field offices, contractors, workers, and community leaders to develop work force management and community assistance strategies that will facilitate the early closure of sites.

In an effort to widely disseminate information about the Department's restructuring policies, the Office prepares a bi-monthly program update; holds national workshops for stakeholders; established and maintains a home page on the Internet; and publishes guidance for work force restructuring and community transition activities. These activities allow the Department to monitor and respond to stakeholder input. In addition, the Office helps resolve labor issues related to restructuring.

Major Accomplishments

- ***Reductions in the Contractor Work Force.*** From a peak of 148,700 prime contract employees at the end of FY 1992, the Department's contractors separated about 48,000 employees through the end of FY 1999.
- ***Voluntary Separations.*** Of the 48,000 separations since FY 1993, 71 percent were voluntary, including early retirement, nonretirement voluntary separations, and managed attrition. However, the ratio of voluntary separations to total separations has been declining in recent years. In FY 1999, enhanced severance arrangements only account for about one-third of all separations. This trend, in part, is the result of reductions from the Office's appropriations request, coupled with the limitations of section 304 of the Fiscal Year 1998 (and succeeding years) of the Energy and Water Development Appropriations Act.
- ***Costs of Reductions.*** The total estimated cost through the end of FY 1999 for separating these 48,000 employees was \$870 million, or approximately \$18,000 per employee. This compares favorably with DOD and private industry benchmarks and is below the upper range of \$25,000 in benefits contained in the Department's Final Planning Guidance for Contractor Work Force Restructuring.
- ***Cost Effectiveness.*** The average annual compensation cost of employing a full-time prime contractor employee is estimated at \$74,241. Given these estimates, the Department can reasonably expect to achieve ***annual savings*** of approximately \$3.6 billion per year as a result of the 48,000 reductions made since FY 1992.
- ***Work Force Planning.*** Contractors at defense nuclear sites utilize a standard work force planning process. Prior to implementing work force restructuring, a work force analysis is

conducted and reviewed by the Department. The analysis identifies necessary changes in different job classifications and facilitates opportunities for reassignment or retraining that can better match positions and employees with required skills. The Office of Emergency Management has developed additional long-term work force planning mechanisms in consultation with the Office to address the unique requirements of early closure sites.

- **Community Transition.** Each community adjacent to a site undergoing work force restructuring is eligible to form a Community Reuse Organization (CRO) and apply for funding to plan and implement programs and projects that mitigate the social and economic impacts of restructuring. To date, 12 communities have planning underway, and most of these communities have implemented programs and projects. These activities have retained, expanded, or created over 22,400 jobs. The average cost per job created at the communities surrounding these sites was \$9,000.
- **Labor Relations.** Changing missions and new contracting mechanisms raise fundamental issues for affected workers and bargaining units. The Office facilitates development of strategies to assure fair treatment of workers in these transitions. The Office has also taken a leading role in identifying steps to address specific issues involving the Department's contractor protective forces. The Office continues to work on issues pertaining to the work force, such as dealing with service credits and benefit portability, and developing a Departmental privatization policy. Increasingly complex issues at the bargaining table, including job security, training, and site culture changes, are examined and shared with DOE field office personnel dealing with these matters. Labor standard coverage issues raised by the various unions representing workers throughout the complex continue to be a matter of concern, and the Office responds to inquiries made on these issues. The Office has been successful in dealing with the Department of Labor in correcting erroneous wage determinations at DOE sites.
- **Public Participation.** Over the last six years, the Department has held six national stakeholders workshops in Denver, Atlanta, Albuquerque, Oakland, Washington, D.C., and Chicago. The Office also has held workshops, conferences, and working sessions that address specific topics such as work force restructuring, community transition, labor relations and work force planning. *Program Updates*, a periodic report about the Office and field activities, is issued every two months. In addition, the Office established a website at <http://www.wct.doe.gov> that includes information about the Office and the Job Opportunity Bulletin Board System (JOBBS) which provides employers with a



means for publicizing job opportunities appropriate for workers displaced by DOE contractor work force restructuring.

Organization of This Report

This report is organized into three sections. Section I summarizes work force restructuring and community transition activities at all sites; including restructuring activities for FY 1999, changing separation patterns; cost savings and separation costs; program assessment; activities to mitigate restructuring impacts; community transition activities; lessons learned; emerging issues in worker and community transition; and the future mission of the Office. Section II summarizes work force restructuring and community transition activities for defense nuclear sites. Section III summarizes work force restructuring activities at non-defense sites.

Each site summary in Section II is printed as a separate subsection to facilitate individual reprinting. At the start of each site subsection, an exhibit summarizes the work force restructuring analysis that follows.

Appendices with supporting information follow Section III.